



POB 383 / Dover, DE 19903 / <http://www.doverkentmpo.org> / 302.387.6030 FAX: 302.387.6032

REQUEST FOR PROPOSAL

PROFESSIONAL AUDITING SERVICES

April 8, 2021

INTRODUCTION

The Dover/Kent County MPO is designated by the Governor of Delaware as the Metropolitan Planning Organization (MPO) for the whole of Kent County, Delaware, and is responsible for transportation planning in the county. As the designated Metropolitan Planning Organization (MPO), D/KCMPO is responsible for carrying out the mandated transportation and land use planning requirements under the Fixing America's Surface Transportation Act (FAST).

PURPOSE

The purpose of this Request for Proposal (RFP) is to enter into a contract with a qualified Independent Certified Public Account (CPA) or Public Accountant licensed to practice in the State of Delaware by the division of Professional Regulation, Board of Accountancy, to conduct an annual financial audit in compliance with the Single Audit Act of 1996, OMB Circular A-133 and Government Auditing Standards issued by the Comptroller General of the United States.

AUDIT PERIOD

D/KCMPO operates on a fiscal year basis starting July 1st. The base year to be audited will be the fiscal year ending June 30, 2021 (FY21). D/KCMPO is interested in a multi-year proposal, which will include the fiscal year ending June 30, 2022 (FY22). Audit

services for FY22 are subject to review and will be dependent on satisfactory completion of the prior years' audit.

SCOPE OF SERVICES

- 1) Obtain an understanding of D/KCMPO and its environment, including internal control, sufficient to assess the risks or material misstatement of the financial statements and design the nature, timing, and extent of further audit procedures.
- 2) Appropriateness of accounting policies and practices used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Ascertain reasonable assurance about whether the financial statements are free of material misstatement, whether for (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to D/KCMPO or to acts by management or employees acting on behalf of D/KCMPO.
- 3) These audits are to be performed on the basic financial statements of the Dover/Kent County MPO in accordance with the standards for financial audits contained in "Generally Accepted Auditing Standards" and the provisions of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations or its successor. The objective of such an audit carried out in accordance with such standards is the issuance of an independent Auditor's Report concerning whether the financial statements, taken as a whole, are presented fairly, in all material respects, in conformity with generally accepted accounting principles.
- 4) Should assistance be necessary, the Auditor will assist in the implementation of any new required Governmental Accounting Standards Board Statements and/or technical bulletins.
- 5) The Auditor will issue reports addressed to D/KCMPO for the years ended June 30th as follows:
 - a) A report on the MPO's basic financial statements based on the audit performed in accordance with Government Auditing Standards to be provided to D/KCMPO no later than December 31st following the June 30th year end.

- b) A management letter detailing the Auditor's comments, observations and recommendations, including, but not limited to a listing of steps and procedures to be initiated by D/KCMPO's staff to make subsequent audits more efficient.
- 6) Federal Financial Assistance – OMB Circular A-133
- a) The Auditor will also perform auditing procedures on D/KCMPO's federal financial assistance/awards programs in accordance with the provisions of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. OMB Circular A-133 includes specific audit requirements, mainly in the areas of the internal control structure and compliance with laws and regulations that exceed those required by Government Auditing Standards.
 - b) As part of the auditing procedures performed in accordance with the provisions of OMB Circular A-133, the Auditor will perform tests of controls to evaluate the effectiveness of the design and operation of internal control policies and procedures that they consider relevant to preventing or detecting material noncompliance with laws and regulations applicable to each organization's major programs and report the results.
 - c) Compliance with laws, regulations, contracts and grants that govern financial assistance/awards programs are the responsibility of management. The Auditor will perform tests of D/KCMPO's compliance with certain specific provisions of laws, regulations, contracts and grants they determine to be necessary based on OMB's Circular A-133 Compliance Supplement, and report whether in their opinion the organization complied, in all material respects, with the laws and regulations applicable to its major federal financial assistance/awards programs. Regarding general requirements, the report on compliance will contain a statement of positive assurance on those items that were tested and negative assurance on those items not tested.
 - d) In accordance with OMB Circular A-133, the Auditor will issue reports addressed to D/KCMPO for the years ended June 30th. These reports must be received by D/KCMPO no later than December 31st following the end of the fiscal year.

- 1) Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements performed in accordance with Government Auditing Standards.
- 2) Report on Compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133.
- 7) Perform services in accordance with applicable professional standards, including the AICPA auditing standards and Government Auditing Standards.
- 8) Should assistance be necessary, the Auditor will assist in the implementation of any new required Governmental Accounting Standards Board Statements and/or technical bulletins.

PROPOSED SCHEDULE

- 1) Due Date for Proposals - May 14, 2021, 4:00 p.m.
- 2) Date Audit May Commence - Planning will commence upon signed agreement for services. D/KCMPO will have all records ready for audit and all management personnel available to meet with the firm's personnel by July 15th.
- 3) Work Completion Dates - Each of the following should be completed by the Auditor no later than the dates indicated:
 - a) Detailed Audit Plan: The Auditor shall provide D/KCMPO, by July 1st of each fiscal year (excluding the base year), both a detailed audit plan and a list of all schedules to be prepared by D/KCMPO.
 - b) Fieldwork: The Auditor shall complete all field work by September 1st following the end of the fiscal year.
 - c) Draft Reports:
 - 1) The Auditor shall prepare the primary government draft fund financial statements as well as government-wide draft financial statements, management discussion and analysis, notes to financial statements, and all required supplemental schedules by October 15th.

- 2) The Auditor shall prepare the Single Audit Schedule of Expenditures of Federal Awards by November 15th. The Auditor shall provide the draft Auditor's Reports and any Schedule of Findings and Questioned Costs for the Auditor's Single Audit Report by December 15th.
- d) Final Reports - All audit issues should be resolved and the final auditor's reports for the D/KCMPO Single Audit Report should be delivered by February 15th.

FUNDING

Funding is primarily federal and state funds passed through Delaware Departments of Transportation. Matching funds are provided by state, county, and/or local sources.

DELIVERABLES

- 1) Pre-meeting with D/KCMPO staff to discuss scope of audit methodology, support, timeline, etc.
- 2) Draft Report of D/KCMPO Financial Statements - one high-quality copy and one electronic document.
- 3) A pdf document of Final D/KCMPO Financial Statements - one high-quality copy and one electronic document.
- 4) Letter and Report of all proposed improvements and corrective actions.

ASSISTANCE AVAILABLE TO AUDITOR

- 1) D/KCMPO Banking - D/KCMPO has a single bank account at Shore United Bank.
- 2) D/KCMPO's Accounting System and Records - D/KCMPO has a project-based accounting and financial reporting system. Bookkeeping Services are outsourced to Rosemary O'Neill, a local bookkeeper. Payroll is outsourced to ADP. The financial data resides in a QuickBooks data base with weekly backups from O'Neill provided to D/KCMPO on a flash drive.

- 3) Access to D/KCMPO's Records - The Auditor will be given free access to records of D/KCMPO and reasonable access to the staff for the purposes of interviews.
 - a) D/KCMPO will provide access to all information which we are aware of that is relevant to the preparation and fair presentation of the financial statements, and additional information that may be requested for the purpose of the audit.
 - b) The Auditor will maintain such records as privileged and confidential information. It is expected that the Auditor will organize the work in such a way as to minimize disruption of work of D/KCMPO's employees in the pursuit of their normal duties.
- 4) D/KCMPO's Staff - D/KCMPO's staff will provide the following clerical and technical support to the Auditor:
 - a) Prepare confirmation requests and other correspondence requesting information from government agencies and component units.
 - b) Retrieve and replace source documents located in the office. However, online documents should be used to the fullest extent possible.
- 5) D/KCMPO's Facilities - D/KCMPO will provide temporary space to examine records and documents during the audit. A telephone and internet access will be available. All other necessary supplies and equipment shall be furnished by the Auditor. The Auditor's key personnel shall perform all the necessary tasks in the space provided or in other areas as may be necessary. All work conducted on D/KCMPO's premises shall be accomplished between the hours of 9:00 a.m. and 4:30 p.m., Monday through Friday, exclusive of holidays or as otherwise pre-arranged.

SUBMISSION REQUIREMENTS

The CPA Firm will submit three (3) copies of a Proposal. Receipt of insufficient copies of the Proposal or not providing the required information in the desired format may result in elimination from the selection process. The submission will include the following and provide a table of contents indicating where the required information is located on the submission package:

Proposals must include:

- 1) A detailed description of the auditing services that the offeror will provide for the Fiscal Years 2021, 2022 and 2023.
- 2) The specific work plans by which the offeror intends to accomplish the work contained in the Scope of Services. These work plans must include time estimates for each significant segment of the work, a scheduling plan and the estimated number of hours allocated by staff level (partner, managers, seniors, staff accountants and specialists). Work plans must demonstrate that the offeror understands the audit requirements for the Single Audit of Federal Grant Programs.
- 3) Project Organization Chart, limited to one (1) page.
- 4) The offeror must discuss potential problems or concerns associated with the Scope of Services and recommend methods of addressing and resolving the problems or concerns.

Profile of the Firm

- 1) Firm Qualifications and Experience - Describe qualifications and experience that substantiates the firm as having an excellent reputation in local government auditing.
 - a) The proposal should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.
 - b) The firm is required to submit a copy of the report on its most recent external quality control review, with a statement of whether the review is included in government engagements.
- 3) Partner, Supervisory and Staff Qualifications and Experience - The firm should identify the principal, supervisory, and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each person is registered/licensed to practice as a certified public accountant in Delaware. The firm should provide information on the government auditing experience of each person, including information on

relevant continuing professional education for the past three (3) years and membership in professional organizations specifically relevant to the performance of this audit.

- 4) Technical Support - Describe the firm's capability to provide technical support in interpretation and implementation of accounting standards related to local governments.
- 5) Similar Engagement with other Government Entities - For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 3) performed in the last three years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of total staff hours for each engagement. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.
- 6) Subcontracting and Assignment - All subcontracting arrangements require prior approval of D/KCMPO. The contractor shall not assign, transfer, convey, sublet, or otherwise dispose of any award or any or all its rights, title, or interest without prior written consent of D/KCMPO, which shall not be reasonably withheld.
- 7) Current Workload - Discuss the current workload and capacity of the firm's office to comply with the requirements of the initial audit period and subsequent audit periods.
- 8) EEOC Declaration - A declaration that the firm is an Equal Opportunity Employer and does not discriminate in employment because of race, age, color, sex, religion, national origin, mental or physical handicap, political affiliation, or marital status.
- 9) DBE Reporting - D/KCMPO will also consider extent to which Disadvantage Business Enterprise are used (any firm wishing to be recognized as DBE must provide documentation such as official DBE certification).
- 10) References – Provide three (3) references who have personal knowledge of the firm's previous performance. The references must include verified addresses, telephone numbers, email addresses, and contact persons, and

a brief description of the services that have been provided similar to those described herein.

- 11) No promotional materials or brochures are to be included as part of the submission.

Submission packet should not exceed ten (10) pages in length.

PRICE PROPOSAL

- 1) Total All-inclusive Maximum Price - The price proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price should contain all direct and indirect costs including all out-of-pocket expenses, i.e., copies of reports and management letters.
 - a) A Total All-inclusive Maximum Price for the engagement year 2021.
 - b) Fiscal year 2022, and any option year cost shall be based on the previous contract price increased by the Consumer Price Index for all Urban Consumers as published by the Bureau of Labor Statistics no later than 90 days prior to the start of the contract year.
- 2) Rates by Partner, Specialist, Supervisory and Staff Level times the hours anticipated for each.
- 3) Rates for Additional Professional Services - If it should become necessary for D/KCMPO to request the Auditor to render any additional services to either supplement the services requested in this request for proposal or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, such additional work shall be performed only upon specific authorization of D/KCMPO's staff. Any such additional work agreed to between D/KCMPO and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the price proposal.
- 4) Manner of Payment - Progress payments will be made on the basis of hours or work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's price proposal. Interim billing shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

- 5) In the event the retained firm's services fail to meet expectations, D/KCMPO reserves the right to terminate the arrangement with written notice at any time.

EVALUATION AND SELECTION

Award will be made to the responsible offeror whose proposal best meets the needs of D/KCMPO as set for herein. Proposals will be evaluated on the following criteria, listed in order of importance.

- 1) Qualifications and experience of staff, to be assigned to the audit. Education including continuing professional education in governmental accounting and auditing and the years of experience in auditing local governments.
- 2) The comprehensiveness of the audit work plan. The time estimates for each major segment of the work plan and estimated number of hours for each staff level assigned.
- 3) Experience of the firm in auditing entities similar to D/KCMPO. Capacity of the firm's office to support the engagement; and quality control procedures. Experience related to Single Audit of Federal Grant Programs.
- 4) Responsiveness of proposal in clearly explaining the offeror understands the Scope of Services.
- 5) Cost.
- 6) After consideration of the factors set forth in this RFP, D/KCMPO will contract with the offeror whose proposal is most advantageous to D/KCMPO.

SUBMISSION DATES, ADDRESS AND CONDITIONS

The deadline for proposals is 4:00 p.m., May 14, 2021, at the D/KCMPO Office. Proposals received after this time and date will not be accepted or considered. We will not accept faxed proposals. Proposals will not be opened and/or reviewed before 9:30 a.m. of the morning of the next business day following the deadline.

Three (3) copies must be mailed or hand delivered to:

Dover/Kent County MPO
ATTN: Marilyn J. Smith, Executive Director

PO Box 383
Dover, DE 19903-0383

1783 Friends Way, 3rd floor
Camden, DE 19934

Envelopes shall be clearly labeled "Proposal for audit Services".

MISCELLANEOUS

The selected firm will assume sole responsibility for completion of the tasks required by this RFP.

Any individual, business, organization, corporation, consortium, partnership, joint venture, or any other entity including subconsultants currently debarred or suspended is ineligible to participate as a candidate for this process. Any entity ineligible to conduct business in the State of Delaware for any reason is ineligible to respond to this RFP.

D/KCMPO will affirmatively ensure individuals and businesses will not be discriminated against on the grounds of race, color, national origin, sex, age, disability, religion, income or family status, in consideration for an award. Minority business enterprises will be afforded full opportunity to submit proposals in response to this invitation.

All statements become part of the public file on this matter, without obligation to D/KCMPO. However, offerors may identify those portions of their proposals that they deem confidential, proprietary information or trade secrets and provide any justification why such materials, upon request, should not be disclosed.

D/KCMPO reserves the right to reject any or all RFP responses.

D/KCMPO is not liable for any cost incurred by the firm in preparation or presentation of the proposal.

For additional technical or procedural information, contact:

Marilyn J. Smith, Executive Director
302.387.6030 (phone)
302.387.6032 (fax)
marilyn.smith@doverkentmpo.org